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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 23, 2002

IN THE MATTER OF

SHANNON FOREST WATER
CORPORATION

CASE NO. PUE-2001-00588

Appointment of a Receiver

ORDER FOR NOTICE AND HEARING

By Initial Order of November 16, 2001, the Commission docketed the customers' petition for appointment of a receiver for Shannon Forest Water Corporation ("Shannon Forest" or "Company") and made a preliminary finding of its jurisdiction to consider the petition. We also directed the Company to file an answer to the petition and provided for the filing of notices of intent to participate as a respondent. In its answer, Shannon Forest denied allegations in the petition and appended a copy of its petition for bankruptcy. Also in response to the Initial Order, the Virginia Department of Health had filed a notice of intent to participate as a respondent in this matter.

In our Order for Continuance of February 19, 2002, the Commission continued this matter generally in light of the Company's petition in bankruptcy. We also found in the Order for Continuance that Shannon Forest did not contest the Commission's jurisdiction under The Small Water or Sewer Public

Utility Act, Chapter 10.2:1 (§56-265.13:1 et seq.) of Title 56 of the Code of Virginia (Small Water Act) to consider appointment of a receiver.

In correspondence of October 2, 2002, with the Commission's Office of General Counsel, Shannon Forest provided a copy of the Order Dismissing Case of June 29, 2002, entered in In re Shannon Forest Water Corporation, Case No. 7-02-00422-BKR (Bankruptcy Court W.D. Va.). Since the bankruptcy addressed by the Commission in the Order for Continuance, at 2-3, has been dismissed, further proceedings in this matter may be scheduled.

The Commission finds that this matter should be set for hearing before a hearing examiner as required by § 56-265.13:6.1 A of the Code of Virginia. We also find that notice of the hearing and an opportunity to file comments should be provided. Finally, we shall direct that the parties and the Staff file testimony and exhibits, which may be offered at the hearing.

The unofficial text of the State Corporation Commission's orders in this Case No. PUE-2001-00588 may be viewed at <http://www.state.va.us/scc/caseinfo/orders.htm>. The Commission's Rules of Practice and Procedure and other information may be viewed at <http://www.state.va.us/scc>. All documents filed in this proceeding may be inspected in the Office of the Clerk of the Commission, Document Control Center,

Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia, between 8:15 A.M. and 5:00 P.M. on Commission workdays.

Accordingly, IT IS ORDERED that:

(1) As required by § 56-265.13:6.1 A of the Code of Virginia, a public hearing be held beginning at 1:00 p.m., December 5, 2002, in the Board of Supervisors Meeting Room, Second Floor, Franklin County Courthouse, 275 South Main Street, Rocky Mount, Virginia, to receive evidence in this matter.

(2) As provided by § 12.1-31 of the Code of Virginia and the Commission's Rules of Practice and Procedure (Rules of Practice), 5 VAC 5-20-120, *Procedure before hearing examiners*, a hearing examiner be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(3) On or before November 13, 2002, each respondent shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any testimony and exhibits bearing on whether a receiver should be appointed and shall serve a copy on all other parties. Each respondent shall comply with the Rules of Practice, 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*.

(4) On or before November 20, 2002, Shannon Forest shall file with the Clerk an original and fifteen (15) copies of the testimony and exhibits bearing on whether a receiver should be appointed and shall serve a copy on all other parties. Respondents shall comply with the Rules of Practice, 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*.

(5) On or before November 26, 2002, the Commission staff may file with the Clerk an original and fifteen (15) copies of any testimony and exhibits bearing on whether a receiver should be appointed and shall serve a copy on all parties.

(6) Interested persons may file written comments on the application with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2002-00588 and should be filed by November 20, 2002. The filing of comments by e-mail or facsimile is not authorized in this proceeding.

(7) Any interested person may participate as a public witness, as provided by the Rules of Practice, 5 VAC 5-20-80 C, *Public witnesses*. Interested persons should arrive at the hearing location by 12:45 p.m. on December 5, 2002, and tell the Commission's Bailiff that they wish to be a public witness.

(8) Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

(9) The Commission's Office of General Counsel shall, to the extent practicable, provide notice of this hearing by mailing by first-class mail a copy of this Order to the customers of Shannon Forest.

The Clerk of the Commission shall mail an attested copy of this Order to: George I. Vogel, II, Esquire, Vogel & Cromwell, L.L.C., P.O. Box 18188, Roanoke, Virginia 24014; and Robert A.K. Payne, Esquire, Compliance & Enforcement Manager, Division of Drinking Water, Virginia Department of Health, 1500 East Main Street, Room 109, Richmond, Virginia 23219; and shall deliver a copy to the Commission's Division of Energy Regulation.